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Jeffrey Tumlin, Director of Transportation

December 10, 2021

**The Honorable Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton Goodlett Place, Room 244
San Francisco, CA 94102**

Subject: Request for Approval – Contract Modifications

- 1. No. 5 to SFMTA Contract 2011-12/9 with Imperial Parking, LLC***
- 2. No. 7 to SFMTA Contract 2011-12/10 with IMCO Parking***
- 3. No. 5 to SFMTA Contract 2011-12/11 with LAZ Parking California, LLC***
- 4. No. 4 to a Contract with IMCO Parking to manage 5th & Mission Garage***

Honorable Members of the Board of Supervisors:

The San Francisco Municipal Transportation Agency (SFMTA) requests that the San Francisco Board of Supervisors authorize the Director of Transportation to approve amendments to four garage management contracts: SFMTA-2011/12-9 with Imperial Parking (U.S.) LLC for a total term of 11 years and a contract amount of \$1,536,324; SFMTA-2011/12-10 with IMCO Parking LLC for a total term of 11 years and a contract amount of \$1,243,152; SFMTA-2011/12-11 with LAZ Parking California LLC for a total term of 11 years and a contract amount of \$1,630,208; Fifth and Mission Garage Management Contract with IMCO Parking LLC for a total term of 11 years and a contract amount of \$740,217.

BACKGROUND

Under the oversight of the SFMTA's Parking & Curb Management section of the Streets Division, the SFMTA manages 16 city-owned parking garages and lots and four parking garages owned by the Parking Authority, which are operated by contracted parking-management vendors. (The Parking Authority is a separate agency from the SFMTA. The members of the SFMTA Board sit *ex officio* as the Parking Authority Commission. The SFMTA manages the Parking Authority's garages under a contract with the Parking Authority Commission.) The SFMTA has divided the 20 garages into three groups (A, B, and C), and has contracted with parking management companies to operate the garages in the group assigned to them.

Group A, B, and C Contracts

On December 6, 2011, the SFMTA Board of Directors (Board) and the Parking Authority Commission (Commission) adopted Resolutions No. 11-144 and 11-145, respectively, approving Contracts Nos. SFMTA-2011/12-9, SFMTA-2011/12-10, and SFMTA-2011/12-11 for Operation and Management of Off-Street Parking Facilities, Groups A, B, and C, with Pacific Park Management,

IMCO Parking LLC, and LAZ Parking California, LLC, respectively. Each contract was for an amount not to exceed \$907,920 and each for a base term of six years with three years' of extension, for a total term of nine years, commencing on February 1, 2012.

5th & Mission Garage Contract

On January 3, 2012, the SFMTA Board adopted Resolution No. 12-3, which approved the terms of the contract between the City of San Francisco Downtown Parking Corporation, which leased the garage from the SFMTA, and IMCO Parking LLC for Operation and Management of the 5th & Mission Garage for a term not to exceed nine years and a total not-to-exceed contract amount of \$587,510. In the summer of 2013, the lessee Parking Corporation dissolved, the garage lease terminated, and the SFMTA regained possession and control of the garage. On September 24, 2012, the Director of Transportation approved the assignment of the IMCO management contract to the SFMTA. IMCO has managed the garage since then under SFMTA oversight.

Prior Contract Amendments

Each of the four agreements has been amended several times. All of the amendments were approved by the Director under his delegated authority, with the exception of one item approved by the SFMTA Board and the Parking Authority Commission on January 19, 2021 (see Group C detail below). In total, six garages were added to garage groups and \$1,266,925 was added to the respective contract value of \$3,311,270 for the four contracts, for a current cumulative contract amount of \$4,578,195 for the four contracts.

- *Group A Amendments* – Four amendments to this contract have:
 - Added two additional garages to the original six garages
 - Transferred the contract from Pacific Park Management (PPM) to Imperial Parking when Imperial purchased PPM.
 - Exercised two options for 18-month term extensions
 - Exercised a one-year term extension (resulting in a term of 10 years)
 - Added \$443,938 to the initial contract amount of \$907,920, for a revised total contract amount of \$1,351,858.

- *Group B Amendments* – Six amendments to this contract have:
 - Added two garages to the original two garages
 - Exercised two options for 18-month term extensions
 - Exercised a one-year term extension (for a total term of 10 years)
 - Added \$197,640 to the initial contract amount of \$907,920, for a revised total contract amount of \$1,105,560.

- *Group C Amendments* – Four amendments to this contract have:
 - Added two garages to the original five garages
 - Exercised two options for 18-month term extensions
 - Exercised a one-year term extension (for a total term of 10 years)
 - Added \$550,122 to the initial contract amount of \$907,920, for a revised total

- contract amount of \$1,458,042.
 - **Note: The Fourth Amendment to the Group C contract was approved by the SFMTA Board and Parking Authority Commission on January 19, 2021.*
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- *5th & Mission Garage Amendments* – Three amendments to this contract have:
 - Exercised two options to extend the term a total of four years
 - Exercised a one-year term extension (for a total term of 10 years)
 - Added \$75,225 to the initial contract amount of \$587,510 for a revised total contract amount of \$662,735.

Proposed Amendments to Existing Contracts

SFMTA staff had planned to issue a Request for Proposals (RFP) in the summer of 2021 seeking proposals for new parking operator contracts to start on February 1, 2022; however, the COVID-19 pandemic has disrupted the parking industry and dramatically reduced vehicle occupancies in the garages. Staff requires additional time to further evaluate the operations and management of the parking facilities. To provide that additional time, staff proposes to extend the four existing garage contracts to January 31, 2023. Staff anticipates issuing a new RFP for garage management in January 2022. New operator contracts pursuant to the RFP process will be submitted for approval to the SFMTA Board of Directors and Parking Authority Commission, and then to the Board of Supervisors by December 2022. The new contracts will commence no later than February 1, 2023.

The proposed amendments will modify the four existing contracts as follows:

- *Group A, Fifth Amendment* – The amendment extends the term of the existing contract by one year to 11 years and increases the contract value by \$184,466 to \$1,536,324.
- *Group B, Seventh Amendment* – The amendment extends the term of the existing contract by one year to 11 years and increases the contract value by \$137,592 to \$1,243,152.
- *Group C, Fifth Amendment* – The amendment extends the term of the existing contract by one year to 11 years and increases the contract value by \$172,166 to \$1,630,208.
- *5th & Mission Garage, Fourth Amendment* – The amendment extends the term of the existing contract by one year to 11 years and increases the contract value by \$77,482 to \$740,217.

These four amendments are submitted to the Board of Supervisors because the proposed term extensions to 11 years exceed the SFMTA's delegated authority.

ALTERNATIVES CONSIDERED

SFMTA staff considered proceeding with an RFP process for garage operators in the summer of 2021. However, the COVID-19 pandemic has disrupted the parking industry and dramatically reduced vehicle occupancies in the garages. Staff requires additional time to further evaluate the

operations and management of the parking facilities and most effectively set the stage for an optimal RFP process.

STAKEHOLDER ENGAGEMENT

Staff reviewed the proposed one-year delay of the RFP process and one-year extension of the contracts with all major stakeholders in garage operations, including SFMTA executive management and all current garage operators. After detailed review and discussion of the potential impacts, all parties supported the proposal.

FUNDING IMPACT

Operating funds required to pay the fees due to the parking operators under the proposed amendments are budgeted in the approved SFMTA two-year budget.

SFMTA BOARD ACTION

On October 5, 2021, The SFMTA Board of Directors and Parking Authority Commission approved Resolutions 211005-112 and 211005-113 approving amendments to four garage management contracts: SFMTA-2011/12-9 with Imperial Parking (U.S.) LLC for a total term of 11 years and a contract amount of \$1,536,324; SFMTA-2011/12-10 with IMCO Parking LLC for a total term of 11 years and a contract amount of \$1,243,152; SFMTA-2011/12-11 with LAZ Parking California LLC for a total term of 11 years and a contract amount of \$1,630,208; Fifth and Mission Garage Management Contract with IMCO Parking LLC for a total term of 11 years and a contract amount of \$740,217, and requesting the Board of Supervisors to approve the four contract amendments.

RECOMMENDATION

Staff recommends that the Board of Supervisors approve resolutions authorizing the SFMTA's Director of Transportation to approve amendments to four garage management contracts: SFMTA-2011/12-9 with Imperial Parking (U.S.) LLC for a total term of 11 years and a contract amount of \$1,536,324; SFMTA-2011/12-10 with IMCO Parking LLC for a total term of 11 years and a contract amount of \$1,243,152; SFMTA-2011/12-11 with LAZ Parking California LLC for a total term of 11 years and a contract amount of \$1,630,208; Fifth and Mission Garage Management Contract with IMCO Parking LLC for a total term of 11 years and a contract amount of \$740,217.

Sincerely,



Jeffrey P. Tumlin
Director of Transportation